FBIS DAILY REPORT

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ALFONSIN EXPLAINS DOMESTIC, FOREIGN ISSUES

PM221046 Paris LE FIGARO in French 18-19 Oct p 2

[Interview with Argentine President Raul Alfonsin by Irene Jarry in Strasbourg on 17 October]

[Excerpt] [passage omitted] Question: Can we hope for any information about the conditions under which 10,000-30,000 people are reported to have disappeared during the "dirty war," or have the records been shelved for good?

Answer: We are doing our utmost to discover what really happened.

Question: During the trials of the military leaders threats were recieved both by witnesses and by the public prosecutor. Last year a series of bomb attacks forced you to declare martial law.

You yourself were the target of an attack in May. Is Argentine democracy threatened by the terrorism of those wanting a return of the dictatorship?

Answer: No, definitely not. Democracy is not threatened. This does not mean that we, like any other citizens or country, are not targets for bomb attackers. I have never believed that French democracy was threatened.

Question: Do the economic problems and the very stiff opposition of the CGT (left-wing General Confederation of Workers) not constitute a threat to democracy as well?

Answer: The economic situation is improving. Argentina will increase its GNP by 5 percent. Gross industrial output will increase by over 12 percent. We have reached an umemployment level of 4.8 percent. On the whole, our economic policy has enabled us to increase investments considerably. In the first two quarters of this year they increased by 16 percent. We inherited a 15 percent budget deficit. This year it will be approximately 3 percent of GNP. We are moving in the direct direction in the economic field. However, the Argentine people are having to make great efforts at all levels. This provides an example to all the leaders. I am sure that this is the right way to go. This is how we will grow, consolidate democracy, and issue a proper response to social justice requirements.

Question: How do you view the South American democratization process?

Answer: Very positively. At present this process is becoming permanently consolidated. But it must be said that these emergent democracies are experiencing extremely serious economic problems. These stem from foreign debts and the discrimination that we suffer in foreign trade -- I have in mind particularly the EEC and U.S. subsidies policy. It is causing a sharp fall in our prices abroad.

Question: Together with Peru, Brazil, and Uruguay, Argentina has formed an organization to support the Contadora group, which is seeking a peaceful solution to Central America's problems. Do you believe that it still has some chance of success?

Answer: If we are working for it is because we still have hope. The situation is extremely difficult but we believe that it is still possible to envisage peace in Central America based on observance of the principles of self-determination and noninterference. It is also necessary to seek -- both in Latin America and with all the world's democracies -- economic solution to the region's problems.

Question: You visited the USSR this week. Tomorrow you leave for Cuba. This is the first time that an Argentine president, a democrat, has visited those countries. Does it imply a new Argentinian political orientation?

Answer: No. The same policy as always is being pursued -- that related to Argentina's first traditions. We are trying to meet with the various governments within mutual respect for each side's system, and in all instances encouraging bilateral relations. This also enables us to conduct exchanges of viewpoints on the issues of greatest importance to mankind. Thus, we can work to make our small contribution to the struggle for peace.

Human Rights, Moscow Talks

PY222301 Buenos Aires LA PRENSA in Spanish 18 Oct 86 pp 1, 3

[Text] Strasbourg, France, 17 Oct (NA) -- President Raul Alfonsin dedicated the Human Rights Medal he was granted here today by the European Council to the "Argentine people, who are the true source and builders of the returns to democracy." Alfonsin stated that human rights "do not end with respect for individual rights" and that "to reach its fullness, democracy must include justice and equal opportunities at the economic, social, and cultural levels."

Qiulio Andre Otti, acting president of the Committee of Ministers of the European Council, said the prize was granted to Alfonsin in homage "to the courage shown to face and prevail over a somber past with absolute respect for the law." Andreotti said that Alfonsin's attitude "clarified painful events in Argentina through justice and not through vengeance." The Italian minister said that the Argentine attitude "is an example for all, including Europe, which, despite its glorious history, has had its own dark periods."

Meeting with the press following the ceremony, Alfonsin said that Argentines "know very well to what extent our stagnation is related to authoritarian rule." He added that "when the people participate as they do now they produce wonderful results."

The Argentine president spoke before the European Council, which awarded him the Human Rights Medal, the first time a Latin American politican has been so honored. "The prize I have just received," Alfonsin said, "prompts me to reaffirm before you the unyielding commitment of the Argentine people and their government to work hard to maintain full respect for human rights." He recalled that Argentina "experienced a clash between two kinds of violence: subversive violence and the violence of those who held the power of the state in their hands and abused it." He added that "the Argentine people are the ones who really deserve" the prize.

Alfonsin further said that "we must face the fundamental task of the transition from weakness to strength in order to fully secure democracy and make true respect for human rights in our country possible." He added that we Argentines "know that democracy is not possible without a basic democratic pact that will commit us all to recognize that we are participants in a shared system of norms that will establish among the various groups, beyond their disagreements, an indispensable basis of coexistence."

He emphasized that Argentina must achieve unity to attain the basic democratization of society, the state, the economy and culture, in order to have maximum equality with the maximum possible freedom. Alfonsin justified the efforts of the Group of Six for peace. He also considered the right to life "as the most elemental of human rights" and warned about the dangers of a nuclear war. In this regard, he said that it is urgent "to start a real struggle at all levels to eradicate violence from the hearts of men and to neutralize the ambition of any country to dominate another." He also said that he was concerned about the "weakening of multilateral organizations" and stressed that international forums "are the correct means of promote, under equal conditions and with mutual respect, dialogue and cooperation among all states." Later at a news conference in the Honor Room of the European Council, the Argentine president said: "The country had a 15-percent deficit in the Gross Domestic Product when I assumed the government. This year the deficit will only be 3 percent. Gross Industrial Production will grow 12 percent, investments will grow 16 percent, and we will collect 50 percent more in taxes than last year. The unemployment rate has dropped 4.8 percent, and we are getting closer to full employment. This is the result of democracy."

When a journalist asked him about what she believed to be Argentine coincidences with the Soviet position regarding disarmament and the Central American crisis in opposition to the U.S. position, Alfonsin replied: "You have asked a loaded question, and I am going to answer it." He said he analyzed bilateral relations with President Gromyko and together they reached "interesting and fruitful conclusions." This will be followed by an "important" trade relationship.

Regarding Central America, Alfonsin said that his country is searching for peace in the region, based on the principles of "self-determination, nonintervention, and noninterference in the internal affairs of other countries, pluralist democracies, and economic development." In this regard, he stated that Mikhail Gorbachev assured him that the Soviet Union "has no interest in establishing military bases in Nicaragua."

When questioned about relations between Latin America and the EEC and especially between Europe and Argentina, Alfonsin said he has often personally thanked the Europeans for their solidarity regarding human rights, but he added that "I have also said this solidarity could be too late, because the absence of solidarity in other fields could open the doors to dictatorships." The Argentine president strongly emphasized that the EEC "should not institute on commercial discrimination based on subsidies, which are notoriously harmful to Latin America."

When a French journalist asked another question on the same topic, Alfonsin said he wanted to make "a differentiation." He said Argentina maintains "excellent" bilateral relations with many European countries, "some of which cooperate economically with us." He then added that "this does not occur when the EEC acts jointly as a whole, depressing international prices of raw materials which are also produced in this part of the world," referring to Latin America. He was also asked about a report on the possibility of some refugees wanting to settle in the Malvinas Islands. He answered that Argentina "is open to all refugees." "If they want to go to the Malvinas, let them go. But we can only offer them the territory because we need hands to work it," he added.

Asked about the Argentine diplomatic position on the Malvinas, Alfonsin said: "We have talked with the British opposition, and we would sit at the same table with the British. The only one who could not do this is the British Government." "We want negotiations, because they will show we are right," he said.

MINISTER COMMENTS ON AERONAUTIC, NUCLEAR R&D

PY221111 Sao Paulo FOLHA DE SAO PAULO in Portuguese 19 Oct 86 p 8

[By Dalton Moreira, from the Valle do Paraiba branch office]

[Text] Aeronautics Minister Octavio Moreira Lima, 60, stated on 16 October that "government policy today calls for the development of nuclear technology, but exclusively for peaceful purposes," in accordance with the "basic guidelines set by President Jose Sarney." The minister added, "research is being conducted at the laboratory level. This will help Brazil to master advanced technology, but not for military purposes."

In an exclusive interview granted to FOLHA DE SAO PAULO, from his office in Brasilia, Moreira Lima said "any nation that wants to be considered developed must fully master three specific areas: informatics, space, and nuclear."

Research into uranium enrichment is being conducted at the Aerospace Technology Center [CTA] -- an organization headquartered in Sao Jose dos Campos (Sao Paulo) and linked to the Aeronautics Ministry -- through the Advanced Studies Institute [Instituto de Estudos Avancados -- IEAV]. The minister stated "nuclear research requires a large number of physicists, specialized engineers, and large investments. And we do not have them yet. This research also demands a technology which we have yet to develop, because nations which posses that technology will never transfer it."

Regarding the use of the military base installations in Serra do Cachimbo, Moreira Lima said "Brazil has very few testing grounds for its equipment," and that "Serra do Cachimbo is an uninhabited and barren region, since it lacks mineral resources which could be exploited. The land is not suitable for agriculture or for raising livestock. It is an ideal ground for testing weapons. Enterprises such as Avibras [Brazilian Airspace Industry] and Engesa [Specialized Engineers, Inc.] have expressed interest in using it." Although the land belongs to the Armed Forces Staff [EMFA] the area has been under the responsibility of the Aeronautics Ministry since the 1970's.

The subsonic fighter-bomb AMX, manufactured jointly by Brazil and Italy, will be tested this year at the Serra do Cachimbo base, according to the minister. this aircraft will go into service with the Brazilian Air Force in 1989. "We are in the final stage of preparing for tests with rockets and attack aircraft in the area reserved for that purpose," he stated. According to him, the military personnel living in that base are about to complete construction of a 300-kw hydroelectric plant that will supply energy to the base installations. For the time being, we are only doing that there." [quotation marks as published]

After 5 years in Serra do Cachimbo building wells for testing nuclear devices, and domes (for dumping nuclear waste), the CTA people left the area in July 1985. Now, the base is under the control of the Aeronautics Ministry Research and Development Department. According to Moreira Lima, "the CTA did nothing more in Serra do Cachimbo than to prepare the area for research and tests. This was preliminary work carried out by CTA technicians, preparatory work," he added.

Over the past few years considerable sales of Brazilian war materiel, to Saudi Arabia, Iraq, and Turkey, a market considered to be exclusively the domain of the great powers, represents for the minister a way to generate employment opportunities, in addition to making a "contribution to even up our trade balance," regardless of the criticisms of peaceful organizations. He added "the development of our country in terms of mastering advanced technology," is something which is "generally transferred to civilian use. Obviously there are those who criticize this, but we have to be realistic: the whole world needs weapons to maintain their Armed Forces on a professional level." For him, the great powers have achieved such a high level of technology and their products are so advanced that very few countries can purchase them. "In this manner, the so-called traditional equipment was no longer being produced by them" and the Brazilian businessmen "know how to exploit that empty space." He added: "Our products, in addition to being of excellent quality, are cheap."

By the end of 1989 Brazil will have placed in orbit its first data collecting satellite, which is being developed by the National Institute for Space Research (INPE)- The Air Force is participating in this project -- which is called Complete Brazilian Space Mission [Missao Espacial Completa Brasileira] (MECB), under the responsibility of the EMFA -- with the construction of a launching center and with the manufacture of the Satellite Launching Vehicle (VLS).

Regarding the base, which will be installed in Alcantara, Maranhao State, Moreira Lima has said "its construction is contemplated within the scheduled plan. We are now appropriating the land from the families that are residing within the future center's perimeter. We have already asked for bids and the construction of the base will begin in 1987." The same firmness cannot be observed about the deadlines for the construction of the VLS. Since the end of September the Institute for Space Activities (IAE) has been running into difficulties: Various types of experts have left the institute for better salaries. In view of this factor, the MECB runs the risk of being delayed.

Although Moreira Lima does not believe the project will be delayed, he does admit the IAE's brain drain is due to low salaries. The same thing happened at the INPE during 1985. "Regarding the development of the VLS, the only difficulty we are facing is the run on technicians and engineers, who have been lured away by private enterprises that pay better salaries." The minister also said the government has been warned of the need to update salaries, although he believes they will never equal those paid by the private sector. "But, if at least we can come close to them we will be in a position to maintain our team. That is our concern, because they are very experienced men." Regarding the MECB, he said that "it is a problem that is causing us grave concern."

RESTRICTIONS AFFECT MULTINATIONALS' INVESTMENTS

PY220104 Sao Paulo VEJA in Portuguese 15 Oct 86 pp 128-131

[Excerpts] Many politicians of the coalition now in government have for years called for restrictions on the multinational companies operating in Brazil. Now, the government of President Sarney is facing a problem with the multinational companies: To keep them from continuing to send more dollars out of the country than those they bring in for investments in the country; or even to keep them from closing down their operations and going hom. The foreign subsidiaries have never before sent so many dollars out of the country in the form of profits, dividends, or even liquidation of part of their business in Brazil as they are doing this year. By 31 December, according to the Central Bank, the remittances of multinational subsidiaries will total $1.55 billion -- nearly $150 million more than they sent back last year.

The balance of the inflow and outflow of dollars for which those subsidiaries are responsible has been negative by nearly $1.2 billion over the past 2 years. This figure is equivalent to the Ford Motor Company's holdings in Brazil and to nearly 5 percent of total foreign investments in the country since Pedro Alvares Cabral discovered Brazil in 1500. The director of the External Area of the Central Bank, Carlos Eduardo Freitas, said: "I still do not have a clear idea of what is happening." Along with the increasing withdrawal of capital by foreign companies, Freitas has observed a gradual decrease in the inflow of dollars in the form of new investments, as well as a gradual increase in the remittance of profits and dividends.

The effective negative balance between inflow and outflow of capital officially foreseen for this year totals $780 million -- in fact, it will be $1.18 billion. This figure is even more worrisome, according to Central Bank officials, when from the total foreign investments expected for this year, one subtracts bookkeeping entries registered as debt converted into risk capital. This operation consists of the purchase of Brazilian debts with foreign banks by multinational companies, which are then converted into risk capital by their Brazilian subsidiaries. Although these operations represent productive investments, they do not represent an inflow of foreign exchange into the country. [passage omitted]

The advisers of Finance Minister Dilson Funaro and President Jose Sarney have begun to look into the possible causes for the change in the intentions of foreign capital regarding investments in Brazil. [passage omitted]

According to their analysis, the bad climate for investments may reflect the difficulties in the foriegn debt renegotiations, the complications brought about by the Informatics Law with the White House, and the repeated threats by government sectors to extend the reserved market concept to the pharmaceutical industry -- which is primarily in the hands of foreign companies. Furthermore, the election of a constitutent congress next November is raising new uncertainties for foreign investors and the price freeze under the Cruzado Plan has caused losses among many foreign companies. [passage omitted]

Automobile makers, as well as enterprises in other sectors, are bitterly complaining about the restrictions imposed on foreign capital by the Special Informatics Secretariat (SEI). For instance, SEI actions are said to be responsible for the General Motors decision to freeze its plans to manufacture Kadet compact cars in Brazil. This would represent an investment of $500 million over a 5-year period. The General Motors decision was prompted by the SEI refusal to grant permission for the manufacture of computerized equipment in Brazil. The SEI wanted General Motors to transfer the technology for the computerized equipment to three Brazilian companies, and then place orders with them.

"Brazilian democracy should be extended to the economic area," said Edson Vaz Musa, president of the Rhodia Company, a subsidiary of the French petrochemical and pharmaceutical company Rhone Poulenc. He added: "The government should quickly define the position of foreign enterprise in its development plan." The pharmaceutical companies, in fact, are threatened by the bogey of the reserved market and shrinking profits. [passage omitted]

In addition to the price freeze, foreign capital is facing restrictions such as those imposed by the SEI. "We could invest more, but we will not until the interpretation of the Informatics Law is fully clarified," said Dieter Siegelberg, director-superintendent of the Philips do Brasil company. The Dutch executive has a story of difficulties to tell -- a story that is common to subsidiaries of multinational companies in Brazil. For 3 years he tried to obtain permission from SEI to install in Piracicaba, Sao Paulo State, a factory to manufacture digital records for laser record players.

After much coming and going, the SEI granted permission for the construction of the factory, which would represent a $15-million investment, but made a proviso: Philips could manufacture only digital records for recreational purposes, not computer memory records. Siegelberg accepted the condition, but it needed to be ratified in a document. After a new period of silence, SEI told him last July that it would not give an authorization in writing. "We are now more cautious," said the Philips superintendent, who decided to file the project away.

The U.S. Hewlett-Packard company, one of the world's giants in microelectronics, decided to sell its holding to Brazilian Iochpe group and to haul its dollars out of Brazil. This operation, which involved $132 million that will mostly be sent abroad, put the U.S. company definitely our of the domestic computer and calculator market. "We must sadly leave the most promising computer market." said Luiz Carlos Barata, president of Hewlett-Packard do Brasil, which will continue its Brazilian operations only in the area of instrumentations. [passage omitted]

In view of the present flight of capital, which has already prompted President Sarney to ask Finance Minister Dilson Funaro and Central Bank President Fernao Archer for explanations, the government is studying possible measures to stop it. To this end, it is practically certain that the resolution of the National Foreign Trade Council issued in 1980 forbidding the importation of more than 5-year-old used machinery will be taken off the books. The rationale behind this likely decision is that, under present legislation, a foreign company can invest in Brazil either by bringing in cash or by fitting its subsidiary with equipment it manufactures abroad.

There are many companies that are waiting for that measure to expand their operations in Brazil. The U.S. Reynolds Company is interested in opening an aluminum can manufacturing plant in Minas Gerais State and plans to invest something like $55 million. The plant would come disassembled from the United States, and the equipment in this case is more than 5 years old. For the same reason, Kodak has been hesitating to install a new photographic camera factory in Brazil or Singapore. The government has not yet formally made a decision at the political level, but according to an official close to the Sarney office, the decision has already been made in favor of Kodak.

The Central Bank is also considering whether to reinstate the 10-percent tax incentive for operations that convert foreign debt into stock subscriptions. [passage omitted]

"Planalto Palace is not thinking of reviewing the Profit Remittance Law," the chief of the Civilian Cabinet, Marcos Maciel, said last Thursday night. Central Bank President Archer, who agrees with Maciel, has said: "Our law is old, but it has attracted $25 billion in foreign investments to Brazil.

Both for Maciel and Archer, the true problem has nothing to do with the Profit Remittance Law. The problem is a political one related to the uncertainties posed by the results of the Cruzado Plan and the November 15 elections for a constitutent congress. [passage omitted]

GOVERNMENT TO EXAMINE FOREIGN LOAN ALTERNATIVES

PY230220 Sao Paulo O ESTADO DE SAO PAULO in Portuguese 21 Oct 86 p 36

[Text] The government will examine all possible alternatives to restablish the inflow of foreign resources and to reduce the outflow of funds. To this end, the alternatives that will be explored are: cofinancing operations so the World Bank and private banks can jointly make loans for specific projects or economic sectors; partial capitalization of interests; reduction of spreads (charges for risk added to interest rates); and application of the LIBOR [London Interbank Offered Rate] to the entire foreign debt.

Advisers of Finance Minister Dilson Funaro and Central Bank President Fernao Archer, the principal foreign debt negotiators -- have stated the government does not intend to adopt a hard stance with the bankers as a grandstanding gesture, but to show its determination to conclude a reasonable agreement, which it is willing to negotiate with all the necessary flexibility.

These advisers preferred not to comment on the declaration the new Brazilian ambassador to the United States, Marcilio Marques Moreira, has made that beginning in 1987, it will be possible to reduce the transfer of real resources abroad by $1.0 to $1.5 billion.

They admitted, however, that Minister Funaro expects to reduce that transfer by more than those figures just through reduced spreads. Brazil intends to negotiate spreads that are lower than the 0.875 percent of the LIBOR that Mexico obtained.

The government's intention is to limit transfers abroad to 2.5 percent of the GDP, which tentatively will mean a reduction of $3-$4 billion. Of course, as Planning Ministry experts have pointed out, new resources that will reestablish the inflow of foreign savings are to be included in that amount. The new resources may come in various forms, even as financing loans.

As some experts in the economic area have noted, a mechanism to implement the capitalization of interests can be set up through an equalizing fund that will absorb the difference between the fixed interest rates previously negotiated and the current market interest rates. They recalled this idea, with some differences, was aired 2 years ago by former Central Bank President Paulo Lira.

Denying that Brazil has abandoned the cofinancing alternative, which would make it possible to conclude a $1.2 billion joint financing operation between the World Bank ($500 million) and the private banks ($700 million), these experts said it would be an elementary strategic mistake to stick to a single proposal obsessively. According to them, the ideal would be to present a set of alternatives, and, whenever possible, gain some ground with each of them until the desired final result is attained.

They stated that taking the Brazilian foreign debt off the reference prime rate of 23 percent would mean a reduction, in a single stroke, of $23 billion in interest payments, which indeed would be a substantial savings.

AIR FORCE COMMANDER WARNS OF EQUIPMENT NEEDS

PY221802 Sao Paulo FOLHA DE SAO PAULO in Portuguese 21 Oct 86 p 9

[Excerpts] Brasilia -- In a speech addressed to President Jose Sarney, who was invited to attend an exhibition of Brazilian Air Force [FAB] bombers at the Silvania (Goias State) military training camp, General Rosa Filho, commander of the Air Force, yesterday stated that "considering the balance of the Air Force power of Latin America, our situation is not at all comfortable." Rosa Filho added: "What I want to convey is not concern, but a warning about our real situation and our constitutional duties which cannot be overlooked, the need to preserve the country's sovereignty, and the credibility of the Air Force."

Rosa Filho, designated by Aeronautics Minister Octabio Moreira Lima to greet the president, stated in his speech that the FAB's combat "techniques and equipment are equal to those of World War II."

Addressing in particular President Sarney, who was only some four meters away from him, Rosa Filho stated: "The FAB needs real disuasive fire power to maintain its political justification; that is to say, a well equipped, trained, and strategically deployed Air Force is imperative for national security." [passage omitted]

The aeronautics minister in an interview has ratified the speech made by the Air Force commander. He stated: "Regarding the Gross Domestic Product, the Brazilian Armed Forces are receiving the lowest percentage." He added: "We are not even receiving 1 percent, which is much lower than other Latin countries are receiving, some of which receive as much as 10 percent." According to the aeronautics minister, "Brazil needs the necessary equipment to maintain peace, as far as the defense of sovereignty is concerned." [passage omitted]

LIBYA BUYS BRAZILIAN SPARE PARTS TO SELL TO IRAN

PY222121 Sao Paulo VEJA in Portuguese 22 Oct 86 p 59

[Text] The fact that the Libyan Government has been buying more spare parts than they need for the Cascavel and Urutu armored vehicles created suspicion within Brazilian Government intelligence agencies. After some investigation, it was discovered that the parts are being sold to Iran, where they are being used to put the vehicles captured from Iraq back into operation. Following instructions from Itamaraty, the Brazilian war materiel industry does not sell war materiel to Iran.

BRIEFS

NEW SOVIET, IRISH AMBASSADORS -- New ambassadors of the Soviet Union and Ireland today presented their diplomatic credentials to President Jose Sarney. Soviet Ambassador Viktor Federovich Isakov told President Sarney his government intends to step up its cooperation with Brazil. The new Irish ambassador is Bernard McHugh who previously served in Stockholm, Brussels, Bonn, and New Delhi. [Text] [Brasilia Domestic Service in Portuguese 2200 GMT 21 Oct 86]

PINOCHET REFUSES TO NEGOTIATE MANDATE

PY221819 Paris AFP in Spanish 0230 GMT 22 Oct 86

[Text] Antofagasta, 21 Oct (AFP) -- During a public act in this city, 1,400 km north of Santiago, President Pinochet said the government will not negotiate the mandate entrusted to him by the people, and he criticized the moderate opposition.

Referring to the Democratic Alliance [AD], Pinochet said these sectors, with their talks about dialogues want to upset the process by the 1980 plebiscite, in which the majority approved the Constitution that enables him to rule until 1989.

No gentlemen, the government will not negotiate the sovereign mandate entrusted to me by the people themselves, General Pinochet remarked before a crowd of 30,000 people who gathered in the O'Higgins Park of this city, according to the government news agency ORBE. An understanding and an exchange of ideas will be admitted, Pinochet said, but with respect for law and constitutional order, and this must be demonstrated with concrete and honest facts, not with words, but with a clear, democratic will, and an honest, determined, and definite rejection of violence.

The chief of state, who is accompanied by 11 ministers in his 4-day tour, named some of the works carried out in the region, and asserted some sectors do not accept this progress and are blind and deaf to the undeniable truth. He added those sectors are well known, as is their style, methods, and objectives, again referring to the AD which groups rightists, Christian democrats, social democrats, and moderate leftists. They are the same ones, he said, who have called for peaceful demonstrations, for civil disobedience, and for ungovernability. We know all this ends in violence.

Pinochet remarked the AD has joined the strategy of extremism, which is always willing to make pacts and alliances that favor methods of death, violence, and terror. He then referred to the finding of a 70-ton arms cache, and the frustrated attack against his life on 7 September, during which 5 of his guardsmen died.

Now, he said, after being witnesses, together with the rest of the country and world, to the recent violent incidents that have endangered the peace of our country and the life of the president, those sectors hasten to assume a position of saintliness and respect. These politicians, he said, change colors according to circumstances, just like a chameleon. He said these sectors think they can obtain ignoble party advantages by joining extremism and its violence, but they are actually promoting chaos, violence, and unrest.

Pinochet concluded by saying when the government strikes a harsh blow on Marxist extremism and unveils its criminal strategy, these sectors immediately abandon their old friends.

SUPREME COURT CONFIRMS ACQUITTAL OF GEN LIEGH

PY222350 Santiago Domestic Service in Spanish 2200 GMT 22 Oct 86

[Text] The Supreme Court this evening confirmed that General Gustavo Leigh Guzman, retired, former Air Force commander and former Junta member, must be acquitted from the charge of unlawful association to make illegal arrests, according to Amnesty Decree 2,191; in other words, he should receive the benefit of the amnesty.

Gen Leigh appealed the acquittal issued by the Eighth Appellate Court because he said he was not guilty of anything and he should be declared innocent of any responsibility. However, that appeal was rejected by the Supreme Court, which confirmed the Appellate Court's decision.

This was a last minute report from the courts.

JUDGE UNCONDITIONALLY RELEASES PDC'S LAVANDERO

PY221221 Paris AFP in Spanish 0101 GMT 22 Oct 86

[Excerpt] Santiago, 21 Oct (AFP) -- Former Chilean Christian Democratic Party [PDC] congressman Jorge Lavandero was granted unconditional freedom today after being interrogated by the judge advocate who is investigating the discovery of an arsenal and the frustrated attack on President Augusto Pinochet on 7 September 1986.

Lavandero was summoned by the judge advocate to investigate his participation in an international debate of the Latin American foreign debt that was held in Havana. Lavandero denied journalistic reports that while in Havana he met with Fidel Castro and with Andres Pascal Allende, the secretary general of the proscribed Movement of the Revolutionary Left.

After 4 hours of questioning by Judge Fernando Torres, Lavandero said there are no other charges against him and he was granted absolute freedom. The former PDC congressman told the courts he has been the object of persecution and he has asked for police protection after receiving death threats from unidentified persons. His lawyers have reported the houses of all his relatives have been raided early this morning. [as received]

Lavandero said he left the court absolutely free. Moreover, the judge advocate has told the Interior Ministry that my life must be protected and that I be given the necessary protection to prevent being murdered, as I have demanded, he said. He added that to prevent this from happening, he will be forced to continue his self-exile abroad. [passage omitted]

JUDGE ORDERS ARREST OF CONSTRUCTION UNION LEADER

PY221409 Santiago Domestic Service in Spanish 1000 GMT 22 Oct 86

[Text] Santiago 2d Military Court Judge Rodrigo Gonzalez has ordered the arrest of Manuel Jesus Urbano, a construction union leader from the town of Puento Alto, on charges of alleged possession of weapons. The judge also lifted Urbano's status of incommunicado. This report was made by the defendant's lawyer Ricardo Bravo who also said Urbano is presently in the medical unit of the former Santiago prison building. Bravo has requested a legal medical examination of his client because during his last interview with him he noticed marks caused by torture, possibly resulting from when he was arrested.

CORRECTION TO ITEM ON LIFTING OF STATE OF SIEGE

The following correction pertains to the item headlined "State of Siege Lifted in Several Regions," published in the 21 October Latin America DAILY REPORT, page E 2, last paragraph, line seven:

...evaluation of the existing situation in each Region, and has taken the appropriate action. (providing dropped words "appropriate action.")

RICARDO FRANCO LEADER DIES IN RESCUE OPERATION

PA230322 Bogota Television Service in Spanish 0001 GMT 23 Oct 86

[Excerpts] Early today, the authorities safely rescued a woman who had been kidnapped a few days ago. Her kidnappers had asked for an 80 million pesos ransom. The bloody incident resulted in the death of five of those involved in the kidnapping and the confiscation of arms and propaganda of the Ricardo Franco Movement.

The rescue operation began in northwest Bogota at 0500 today, when some of the guerrillas were still asleep. The action was taken to free Flor Alba Manrique de Ocampo, whom the guerrillas had kept chained and tied to a bed for 1 month. [passage omitted]

Flor Alba is the wife of a Modelo Jail guardsman who was detained and accused of helping Honduran drug traffickers Jose Ramon Mata Ballesteros flee.

The dead guerrillas were identified as Hernan Velez Vera, chief of the group and leader of the Ricardo Franco group; Luis Sierra Molano; Juan Oscar Selis Valderrama; Miguel Antonio Forero Paez; and another unidentified man. [passage omitted]

NEW CLASHES WITH GUERRILLAS CLAIM MORE VICTIMS

PA221834 Bogota EL SIGLO in Spanish 18 Oct 86 pp 1, 3

[By Eduardo Carrillo]

[Text] New and fierce clashes have taken place between a column of the so-called National Guerrilla Coordinating Board (CNG) and Army troops in the western mountain range of the Andes in central Valle del Cauca Department. As a result, there were dead and wounded and war materiel was seized, including communications equipment and documents for the internal use of the leftist guerrillas.

The command of the 3rd Brigade, headed by Brigadier General Hernan Jose Guzman Rodriguez, reported that counterinsurgent operations continue in the rural area of Trujillo municipality, especially in Andianapolis Corregimiento.

A military spokesman said during the violent clashes several National Army members were wounded, but they are now out of danger in the Evaristo Garcia Departmental Hospital in Cali.

He also reported airborne troops and ground forces are carrying out operations along the foothills of the western mountain range of the Andes where the rebels are fleeing, leaving behind weapons, field equipment, supplies, and other things.

As for the initial balance of Army operations against the so-called CNG, the military command reported there have been five deaths in the combat area so far: four rebels and one soldier.

At the battle fronts, the military spokesman said there were wounded, especially among the guerrillas.

He said four insurgents were killed in armed clashes and were only identified with the aliases of "Lequen," "Sanchez," and "Eliecer," because they carried no identification.

The spokesman added the following were seized: 3 rifles, 534 cartridges of various calibers, 1 rifle, grenades, 2 bombs, 2 mines, 5 dynamite sticks, 20 meters of primer cord, 17 rifle magazines, 5 cases with implements used to clean rifles, 1 compass, 10 electric primers, 2 Yadesu FT-209 radios, 6 cassettes, equipment for minor surgeries, drugs, and documents for the internal use of subversive organizations that make up the CNG.

Among the documents found were street maps of municipalities located in the higher parts of the western mountain range and floor plans of Army units and bases and National Police headquarters.

Floor plans of governmental buildings, the Agrarian Fund, and other credit institutions were also seized.

Meanwhile, in Cordoba it was reported an alleged rural cell of the self-styled Popular Liberation Army (EPL) was captured in the past few hours by Administrative Department of Security, DAS, members in the act of extorting a well-known cattleman of San Jorge.

A DAS spokesman reported five men and one woman, apparently members of that subversive faction, were caught receiving millions [currency not specified] in extortion from ranchers in the rural area of Marralu corregimiento, Ayapel municipality, southern Cordoba.

The DAS identified the alleged guerrillas as: Arnulfo Antonio Bo[illegible]a Martinez, Julio Cenon Velasquez Lagares, Orlando Velasquez, Anibal Perez, and Raque[illegible] Alicia Hernandez Julio.

Another rebel was identified only with the alias of "the fat one" [el gordo].

According to the police report, in the past few weeks the subversive faction had been demanding millions from ranchers and businessmen of the region to avoid being kidnapped.

Initial DAS investigations indicate the EPL cell had demanded money from the owners of 10 ranches, including the Miraflores, Las Cuevas, La Estrella, and Besito Volado Ranches.

The EPL cell members were carrying weapons of various calibers and a large amount of subversive material when they were captured.

It was reported that the five men and one woman will be placed at the disposition of a specialized criminal judge, who will carry out the corresponding investigation.

LEGISLATOR VICTIM OF UNSUCCESSFUL ATTACK

PA221934 Bogota Television Service in Spanish 1730 GMT 22 Oct 86

[Report by Alicia Briceno]

[Excerpts] This morning, [New Liberationist Party Representative] Alberto Villamizar Cardena, chairman of the first commission of the Chamber of Representatives, was the victim of an attack as he was leaving his residence located on the 116th Street and 19th Avenue. Representative Villamizar, a relative of Senator Carlos Galan Sarmiento, was going to the Congress. He was attacked as he was getting into his car. [passage omitted] The representative, who was unhurt, said he had never received any threats, and he did not know the motive for the frustrated attack. Alberto Villamizar Cardena introduced a new statute on narcotics.

U.S. TAX ON OIL IMPORTS 'DESPERATE MEASURE'

PA221637 Mexico City EXCELSIOR in Spanish 18 Oct p 6-a

[Editorial: "U.S. Tax on Crude"]

[Text] While OPEC flounders in indecision and a lack of commitment to reach an agreement, U.S. President Ronald Reagan has approved a law levying an 11.7-cent tax on each barrel of imported oil. The impact of these two factors can be deadly: A new drop in the international price of oil that may push the price of a barrel below $10.

So far, the OPEC meeting in Geneva has been a comedy of errors. Reports indicate that the organization is "entangled in technicalities and divided into two groups" and that it may not reach an agreement before 31 October, the date in which production ceilings, agreed upon 2 months ago and which greatly contributed to stabilizing the market, expire.

The U.S. decision is even more serious. Contrary to all predictions, Reagan signed into law a proposal by the U.S. Congress to tax oil imports. The desperate measure seeks to ensure a victory for the Republican Party during the November elections. The oil crisis has dealt a harsh blow to states as important as Texas, and could bring about a Republic defeat in the Senate. This would turn Reagan's last 2 years in office into a nightmare.

Unfortunately, by taking this action, the United States will deal a blow to OPEC unity. Now, most of its members will try to compete among themselves to secure access to the U.S. market. The spirit of cooperation will be lost and the price of oil may take a sharp nosedive.

U.S. IMMIGRATION BILL TERMED 'INCONGRUOUS'

PA221610 Mexico City EXCELSIOR in Spanish 18 Oct 86 p 6-A

[Editorial: "Unilateral Decision"]

[Text] The immigration bill known as the Simpson-Rodino bill was approved by the U.S. Senate. Because it was passed a few days earlier by the House of Representatives, it will now go to President Reagan so that he can decide whether to sign it. The part of the law that refers to illegal workers directly concerns Mexico, and if there is something that stands out about the law, it is its incongruity.

The law talks of guaranteeing amnesty for millions of illegal aliens who currently live in the United States, something that is good. It also establishes civil and criminal sanctions against businessmen who hire illegal workers. Questionable or not, this is a sovereign U.S. decision. What is incongruous is that in order to satisfy the big farmers in the southwest, an amendment was introduced to permit thousands of foreigners to fill jobs in that basic sector.

Democratic Senator Edward Kennedy summarized the negative aspect of the law in the following terms: "When Congress promulgates a measure with a discriminatory potential, it is inevitably applied and virulent discrimination emerges. It constitutes an unjust setback for millions of Latin citizens." This is true. In the future, as a result of what will surely be the new immigration law, the Mexican workers who illegally cross the border to work in agriculture or other fields will get lower wages, their living conditions will be worse, and their rights more restricted even though Congress has explicitly admitted that the agricultural sector needs those workers. In addition, the United States chose to make a unilateral decision about an issue that demands a bilateral agreement with Mexico.

FINANCE SECRETARY DISCUSSES DEBT REPAYMENT

PA230247 Mexico City Red Nacional 13 Imevision Television in Spanish 1955 GMT 22 Oct 86

[Report by Hector Gonzalez Perez from the Legislative Palace -- live]

[Text] Good afternoon to our audience throughout the republic. We will now report on the statements by Finance and Public Secretary Gustavo Petricioli to the finance and programming-budget commissions. Dr Gustavo Petricioli said that during the last 3 years [as heard] -- 1982, 1983, 1984, 1985, and part of 1986 -- Mexico has managed to save 3 billion pesos as a result of the renegotiation of the foreign debt.

The finance secretary asserted during his statement that the moratorium [on debt payments] would be a unilateral and irresponsible decision, and an inconvenient option for the country. He added: If we do not pay what we owe to 500 foreign banks, we would condemn Mexico to nongrowth and reduce the flow of its investments, expenses, and employment levels.

He said that the debt is a phenomenon that we cannot disregard or make disappear. We must adapt it to the country's conditions and ability for payment, Gustavo Petricioli said. He said that it would be very difficult to find a formula for financing our industrial optimization, structural changes, and diversification of exports without external resources, which is the safest way to cover the debt's service.

The finance and public credit secretary asserted that the debt must be handled with skill. One cannot think about an isolation policy or an autarchical [as heard] scheme in an interdependent world. He indicated that the renegotiation of the debt did not attempt to obtain emergency resources at any cost to save our country's economy.

The new credits and the extension of deadlines to pay a $70-billion debt was attained based on a program for economic recovery and structural changes. He underscored that the renegotiation was not only carried out to solve the financial problems of President Miguel de la Madrid's administration, but rather the renegotiation served to establish firm bases for developing the country's future.

Gustavo Petricioli indicated that the arrival of fresh resources will help eliminate restrictive credit policies, lower interest rates, and increase production and employment. He said that the economic recovery program will allow the country to continue its growth in a healthy, moderate way, and avoid the recurring cycle of an exaggerated expansion followed by a recession.

Gustavo Petricioli answered 15 questions from PRI [Institutional Revolutionary Party], PSUM [Unified Socialist Party of Mexico], PPS [Popular Socialist Party], PST [Socialist Workers Party], PAN [National Action Party], PRT [Revolutionary Workers Party], PDM [Mexican Democratic Party], and PMT [Mexican Workers Party] legislators.

BRIEFS

AMBASSADOR APPOINTED -- Mexico City, 21 Oct (NOTIMEX) -- The Foreign Secretariat has announced that Mexican President Miguel de la Madrid has appointed Roberto Casellas Leal as new Mexican Ambassador to Turkey, where he will maintain his residence. He will simutaneously be accredited as ambassador to Pakistan. [Experts] [Mexico City NOTIMEX in Spanish 0320 GMT 22 Oct 86 FL]

AMBASSADORS PRESENT CREDENTIALS - Mexico, 16 Oct (NOTIMEX) -- An official spokesman has reported that the new diplomatic representatives in Mexico from Argentina, Peru, and Denmark have presented their credentials to Mexican Foreign Secretary Bernardo Sepulveda Amor. Ambassador Roberto (Tomasin) from Argentina, (Jorge Raygada Cauvi) from Peru, and (Torben Frost) from Denmark [all names as received] were accredited during a ceremony held at the Foreign Ministry office in Mexico City. [Excerpt] [Mexico City NOTIMEX in Spanish 1928 GMT 16 Oct 86, FL]

DRUGS DESTROYED -- Mexico City, 21 Oct (NOTIMEX) -- In the past 3 days, judicial police agents and members of the Mexican Army located and destroyed 40 poppy and 11 marijuana fields in the Chiapas Mountain area, near Xaltenango Municipality. The poppy fields covered 1,111 square meters and the marijuana fields covered 2 and one half hectares. They were fumigated and manually destroyed. During the operations, 17 marijuana shelters, warehouses, and drying houses were also destroyed, and a large amount of utensils used to harvest the drugs were seized. This is the third time poppy and marijuana fields are found in Chiapas, in the southeastern part of the country. This time, those responsible for growing the drugs were arrested. [Text] [Mexico City NOTIMEX in Spanish 0310 GMT 22 Oct 86 FL]

MARIJUANA DISCOVERED, OWNER ARRESTED -- Colima, 17 October -- General Gonzalo Godoy Gutierrez, commander of the 20th Military Zone, has reported that a 4-hectare marijuana plantation hidden among plantain plants was discovered in Callejones, Tecoman Municipality. He said that the Army arrested Arturo Negrete Ramos, the owner of the land, and his accomplices, Leonel Verduzco Gutierrez of Rincon de Lopez, Colima, and Eleazar Contreras Duarte of Michoacan. Negrete Contreras said that he had expected to receive 300 million pesos for his harvest. [Summary] [Mexico City EL NACIONAL in Spanish 18 Oct 86 p 6 PA]

U.S. HOLDS PANAMANIAN FOR DRUG TRIAL

PA221657 Panama City EXTRA in Spanish 22 Oct 86 p 4

["Panama's Pulse" column]

[Text] In Roanoke, Virginia, Panamanian citizen Luis Tang will stand a public trial on drug smuggling charges filed against him by drug enforcement authorities. This would be an irrelevant and routine legal proceeding in the United States were it not for the fact that the case is fraught with violations of Panamanian law, which we must repudiate.

Tang was kidnapped by two U.S. officials whose surnames are Trelles and Driver in an entertainment spot in Panama City and taken to areas under U.S. jurisdiction. He was then flown to the United States, making it impossible to rescue him because he was taken out of our national territory.

Reprehensible Action [subhead]

We Panamanians cannot agree that the abusive procedures and violations involved in this action are an adequate means of catching lawbreakers because it would be tantamount to granting North Americans a license to do away with our countrymen's freedoms at will, ignoring the legal system that protects us. The situation calls for us to launch a drive for this Panamanian to be returned and tried under the provisions of Panama's penal code. An opposite stand would constitute unpatriotic submission.

CUSTOMS DISMISSES 'PIA VESTA' SMUGGLING CASE

PA221539 Panama City LA ESTRELLA DE PANAMA in Spanish 21 Oct 86 pp A-1, A-10

[Excerpt] The captain of the Danish ship Pia Vesta was released and left Saturday for Copenhagen after being held in custody in Panama for 125 days.

Early this week, customs officials dismissed all of the arms smuggling charges against Captain Johannes Christiansen after his ship was found to be carrying an undocumented shipment of automatic weapons and military trucks.

The Pia Vesta is anchored near the Pacific entrance of the Canal following her confiscation in June.

"I am all right now," said Christiansen minutes before his departure from Omar Torrijos International Airport on Saturday morning. "All charges against me have been dismissed," he said. Christiansen, 48, was the only person charged in connection with the mysterious shipment of 1,500 Kalashnikov automatic rifles, 1,440 RPG-18 antitank weapons, and 32 military vehicles.

Christiansen insisted throughout the 3-month-long investigation that he was innocent. He said Saturday that he was mistakenly arrested because of the shipment he was carrying. "According to international maritime laws, I have done nothing wrong," he said before boarding the plane.

Danish Consul Sven Fahlgren, who accompanied the captain to the airport, said that the several months of diplomatic efforts had been successful. "We are happy that this is all over," Fahlgren said.

Following the captain's departure it is not clear who will be charged in connection with the arms shipment. According to documents carried on the Pia Vesta, it is suspected that it was intended for the Peruvian Government or the Salvadoran Armed Forces. [passage omitted]

DELVALLE OUTLINES NATIONAL STATE OF AFFAIRS

PA201318 Panama City LA REPUBLICA DOMINICAL in Spanish 19 Oct 86 p 10-C

[Speech by Panamanian President Eric Arturo Delvalle at a dinner hosted by the Managerial Front of the Democratic Revolutionary Party on 16 October]

[Excerpts] Let the first words be thanks to the Managerial Front of the Democratic Revolutionary Party [PRD] for inviting me to this event, which is compelling for me, and of great remembrance. [passage omitted]

I now want to refer to the situation my government and the country in general are facing. First, I want to mention the economic situation the country is presently experiencing. Statistics prove that last year's national income, and no doubt this year's as well, surpassed the country's population growth, meaning that the income per capita will have increased during 2 consecutive years. Although this in itself is by no means an unequivocaal sign of improvement of well-being for all citizens, it at least shows the opening of a path toward greater progress, for which we should feel optimistic. So far during 1986, the signals we observe support this feeling. Construction has shown an increase of 21.5 percent during the first 8 months compared to 1985. [passage omitted]

Trade through the Colon Free Zone has increased 25 percent above 1985 figures. This is reflected in more port employment of nearly 13 percent over the first 8 months of 1985. Most encouraging is the increase of trade through the port of Cristobal, on the Atlantic, which has been more than 23 percent. [passage omitted]

Last week, I announced the formation of a commission that will make its recommendations for the most appropriate use of the reverted areas, as well as the necessary guidance regarding the canal watershed. We hope to have their wise evaluation to submit it for the consideration of all citizens, so that all Panamanians can, as soon as possible, make the best possible use of the areas outlined for housing, commercial areas, industrial, port, as well as the design for a complete road structure needed for the areas recovered under the Torrijos-Carter Treaties.

Another matter that will receive priority will be the defense of the letter and spirit of the Torrijos-Carter Treaties, and to ensure that our country receives the true benefits agreed upon in those treaties. I have repeatedly stated that we shall struggle so that [U.S. Congress] Law 96-70 be repealed or substantially reformed, so that this law does not counteract the legitimate conquests obtained in those treaties.

On Tuesday during a Cabinet session, we approved a draft resolution establishing steps to be taken to repress crimes linked to drugs. The document was analyzed exhaustively, and representatives of the banking, legal, and professional sectors of the Panamanian community participated, aided substantially in improving the rules, thus obtaining a draft duly consulted with all the different public opinion media interested and familiarized with the subject.

This draft resolution has the goal of eliminating the drug problem, and we hope it will become the main weapon to fight the century's main plague without endangering the confidentiality of our banking and financial system. [passage omitted] Thank you very much.

TPA REJECTS POSTPONEMENT OF REPLY TO ACCUSATION

PA221857 Panama City ACAN in Spanish 1806 GMT 22 Oct 86

[Text] Managua, 22 Oct (ACAN-EFE) -- The Anti-Somozist People's Tribunal [TPA] of first appeal refused today to grant a two-day extension to the attorney of U.S. citizen Eugene Hasenfus to answer the accusation against the U.S. prisoner.

Hasenfus' attorney, Enrique Sotelo Borge, told reporters he was "unsatisfied" with the rejection by Reinaldo Monterrey, president of the TPA. "Hasfenfus still lacks a proper defense," attorney Sotelo Borge said. The lawyer explained that the judge had denied the extension of the deadline to respond to the accusation by claiming that the procedure established by the TPA only allows for 2 days.

Nicaraguan Justice Minister Rodrigo Reyes presented an accusation last Monday against Hasenfus for violating the laws of public security and terrorism and for association to commit a crime. The official called for a maximum sentence of 30 years imprisonment to punish Hasenfus, sole survivor of a plane loaded with weapons for the "contras" in southeast Nicaragua. The U.S. citizen's defense attorney must present the reply to the accusation today, since it is the deadline.

U.S. Lawyers to Observe Trial

PA221350 Managua Domestic Service in Spanish 0300 GMT 22 Oct 86

[Text] Ramsey Clark, former U.S. attorney general, and Douglas Colbert, a well-known U.S. lawyer, will travel to Nicaragua tomorrow to investigate the case of the plane downed in Nicaragua on 5 October when it was transporting military aid for the contras. Here is more information on this from an ANN dispatch:

New York, ANN -- Ramsey Clark, former U.S. attorney general, and Douglas Colbert, a well-known U.S. lawyer, will travel to Nicaragua tomorrow to investigate the case of the U.S. plane downed in that country on 5 October and to observe the current trial against the sole survivor of the frustrated mission in support of the contras.

Before leaving for Nicaragua, Clark announced that there are three reasons for the trip: first, to gather information on whether the CIA or any other U.S. government agency had direct or indirect participation in the flight of the C123-K airplane downed in southern Nicaragua; second, to compile information on whether the people responsible for the flight violated the U.S. Neutrality Act, which establishes that the supply for means or money for a military operation against another state with which the United States maintains diplomatic relations is a federal crime; third, the two lawyers will observe the legal procedures in Nicaragua against Eugene Hasenfus to determine if the fundamental human rights guaranteed by international law and Nicaraguan laws are fully applied.

Political circles have commented on the importance of the trip by Ramsey Clark, a critic of the U.S. policy in Central America, at the same time that another former U.S. attorney general, Griffin Bell, is about to arrive in Nicaragua as legal adviser of Hasenfus' attorney.

Clark, who will not directly participate in the trial, will present a report on the results of his investigations to the U.S. congressional committees that are investigating possible violations of the U.S. laws as a result of the scandal provoked by the Hasenfus case.

Carrion on Contras, ICJ Ruling

PA220415 Managua BARRICADA in Spanish 18 Oct 86 pp 1, 2

[Text] Commander of the Revolution Luis Carrion, first deputy interior minister, confirmed yesterday the right and legitimacy of the Anti-Somozist People's Tribunals [TPA] to judge yankee adviser Eugene Hasenfus, as these courts represent the people's will in imparting justice.

Carrion made this statement during the ceremony to commemorate the Interior Ministry's [MINT] 7th anniversary. He added that the U.S. adviser will have all the legal guarantees during the judicial process. He said that the Nicaraguan people have a right "to judge in the TPA this adviser who came to sow crime and terror, just as all criminals who have fallen in the people's hands have been."

The date on which Commander Pedro Arauz Palacios, member of the historic FSLN National Directorate, fell in combat 9 years ago was chosen to commemorate the MINT's 7th anniversary.

Commander of the Revolution Tomas Borge placed a torch at the hero's mausoleum, where the ceremony was held. The torch had been carried from Dirimo to the site where Arauz Palacios fell, fighting against the Somozist guards.

The torch was delivered by heroic youth Ontoniel Perez, who received the Gold Medal for Courage.

Carrion said that the signing into law of the $100 million for the mercenaries will open a new and dangerous phase in the imperialist aggression. He added: However, the counterrevolution's defeat is already irreversible and the deadly funds will only contribute to prolonging the defeat and bringing more sorrow to the people.

"They can be given new weapons, they can be trained in new techniques, but all of that will only serve to delay the hour of their final elimination."

Carrion warned that we must expect a resurgence of terrorist activities like the ones carried out by the CIA in 1983, when Nicaraguan ports were mined, the oil pipeline in Puerto Sandino and the fuel tanks in Corinto were sabotaged, and several air attacks were staged. He stressed that the people must fight in all battlefields, sharing in all difficulties created by these attacks. He added that the next step in this escalation of yankee aggression will be the direct participation of U.S. officers, and American youths who will come to die in our land -- sent by the U.S. Government described by Carrion as "the White House Hawks." Commander Carrion said that the Reagan administration is accusing Nicaragua without basis, while violating international law, disavowing the International Court of Justice [ICJ], and hiring international mercenaries and terrorists, such as Luis Posada Carriles, a Cuban worm responsible for blowing up a Cuban plane.

Carrion said that Elliot Abrams has accused Nicaragua only because it did not permit a meeting at the moment and under the conditions demanded by the United States, although Hasenfus has been allowed to talk with his wife.

Carrion added that Abrams' cynicism is amazing, because the same ones who violate international law also disregard their own laws. "They, who are criminals, accuse us who have come out in defense of international law in all the international forums," Carrion said.

"If Abrams is truly interested in preserving the law, the United States should withdraw its aid to the contras immediately, stop its attacks against Nicaragua, and accept the ICJ decision. Then we could talk about international jurisprudence and laws. [no end quotation marks as published]

Carrion stressed the heroic action of Pedro Arauz Palacios 9 years ago when a small group of Sandinists defied the dictatorship, shaking its structures, showing great audacity and heroism, which were qualities he acquired during the years he fought with the FSLN. He added that he was proud the MINT had chosen that date to celebrate its anniversary.

Carrion praised the work done by the members of the MINT, who, displaying the qualities of the old Sandinists in the vanguard, struggle silently day after day so that all the attempts of the people's enemies to crush our revolution will be smashed against their continuous efforts.

Carrion said that because of their efforts, and despite the U.S. aggression, Nicaraguan cities are among the safest due to the actions of the Sandinist Police in struggling against crime.

He stressed the respect for human rights displayed by the combatants in the penitentiary sytem, at the Immigrations and Aliens Directorate [Direcion de Inmigracion y Extranjeria] and in the National Fire Prevention System. He said that this attitude springs from the radically new and revolutionary principles taught to the combatants.

He added that the top directorate has not hesitated when it has had to apply the corresponding sanctions against those who have violated those principles, and has publicly reported those cases, as they are not the norm. No one can say that the MINT leaders promote those violations, he underlined.

"None of our achievements would have been possible without the support of people who cooperate daily with the security institutions."

In addition to Carrion, the event was presided over by Commander Henry Ruiz, companero Vice President Sergio Ramirez Mercado, presidential Delegate Carlos Carrion Cruz, Socorro Palacios Lopez, the mother of Pedro Arauz Palacios, members of the EPS Staff, government cabinet members, and diplomatic representatives from the Contadora and Support Group countries.

PCDN EXPLAINS WITHDRAWAL FROM FSLN DIALOGUE

PA230300 Managua BARRICADA in Spanish 22 Oct 86 p 5

[Text] Although the multilateral dialogue among six parties in the National Assembly opened with a consensus, the Democratic Conservative Party, PCD [as published], unilaterally decided yesterday to withdraw from the dialogue because of what it considered a disloyal attitude of the other parties.

PCD Coordinator Rafael Cordova Rivas announced that "his party will no longer participate in talks with the parties in the National Assembly because they have not shown any interest in supporting the PCD's proposals."

For example, when the article dealing with the rights of citizens to organize political parties was discussed in the National Assembly, the PCD proposed that the state finance the parties' propaganda campaign to make it more democratic. However, neither the Socialists, Communists, or Sandinists, supported the proposal.

"For us, it no longer makes any sense to continue patronizing these parties of ants and fleas, which lack popular support," Cordova Rivas said. "We are going to ask the office of the comptroller general to investigate these groups' accounts, because the only group not receiving any financial support from abroad is the PCD," he added.

He also announced that the PCD would not continue bilateral talks with the FSLN, "because it did not comply with its promise to include Article 49 on international treaties and agreements on human rights in the constitutional bill discussion."

Cordova Rivas complained that the motions on human rights submitted by the other parties were extensively discussed, while the PCD proposal was rejected by 59 votes. [sentence as published]

The PCD official considered it unnecessary to officially announce its decision not to participate further in the dialogue to the FSLN, the Independent Liberal Party, PLI; the Nicaraguan Socialist Party, PSN; the Popular Social Christian Party, PPSC; or to the Communist Party of Nicaragua, PCN.

Juan Manuel Gutierrez of the PLI said the parties will probably hold a meeting next Thursday or Friday to continue with the agenda drafted by the technical commission on the dialogue.

ORTEGA SENDS NOTE TO FASTING VIETNAM VETERANS

PA221604 Managua EL NUEVO DIARIO in Spanish 12 Oct 86 p 12

[Text] We have received a copy of the thank-you note sent by President Daniel Ortega to the four veterans of the U.S. attacks on Vietnam who staged a lengthy fast on the stairs of the Capitol Building in Washington demanding the cessation of the Reagan administration's mercenary war against Nicaragua. The message reads as follows:

Twenty five years later, all weapons against aggression!

Managua, 17 October 1986

Brothers Charles Liteky, George Mizo, Duncan Murphy, Brian Wilson:

During the past 47 days, the Nicaraguan people have been following with deep gratitude and appreciation the fast you have staged with sacrifice, risking your health and your lives in defense of this small, grateful nation, thus identifying yourselves with the cause of peace.

This noble gesture, which reflects the best traditions of the U.S. people, has had to confront the policy of force that unfortunately prevaiis within the current administration, which tries to silence and hide the sentiments and actions that have surfaced in various parts of the world in favor of justice and peace.

However, more powerful than the forces of evil are the voices and actions of those who work for the prevalence of law and mutual respect among nations, and the respect for international laws and juridical order. No one will prevent the incorporation of more men and women who are willing to struggle daily for these principles with true determination.

The Nicaraguan people feel more linked to this commitment. We will spare no efforts or sacrifices in the struggle for peace. We will defend our right to exist at all costs.

Your courage and determination undoubtedly represent the best feelings of the U.S. people who oppose the immoral and illegal war that the Reagan administration has unleashed against the Nicaraguan people, which has been condemned by the international community and by The Hague's International Court of Justice. This war of aggression has caused the unjust death of thousands of Nicaraguans and the death and imprisonment of several U.S. citizens, which has only brought pain and sorrow to Nicaraguan and U.S. families.

We hope that your struggle, as well as that of thousands of U.S. citizens, to prevent the repetition of the tragic experience of Vietnam in our region, will be heard by those who insist on imposing a militaristic solution to the current conflict in Central America.

On the National Day of Fast for Peace and Life, the Nicaraguan people and the international community accompany you with expressions of solidarity, and we reiterate to you that your example will not be in vain, and that sooner of later reason will prevail over force, peace over war, and life over death.

Fraternally,

Daniel Ortega Saavedra

CONTRAS REPORTEDLY REQUEST RED CROSS HELP

PA220411 Panama City ACAN in Spanish 0002 GMT 22 Oct 86

[Text] San Jose, 21 Oct (ACAN-EFE) -- The command of the anti-Sandinist forces led by Fernando "El Negro" Chamorro urgently requested today the help of the International Red Cross. The "contras" are asking the institution to order its branch in Managua to help the civilians "who have been under bomb attack since last Sunday."

In a press communique, the rebels of the Nicaraguan Opposition Unity (UNO), who are fighting in the Atlantic and southern areas of their country, pointed out that the EPS is heavily attacking the Santa Rosa, Cano Blanco, La Ceiba, Los Tanques, and El Gerabito areas, in Zelaya Department. The report pointed out that nine dead were picked up today and three seriously wounded persons are being looked after by the peasants.

The document of the UNO southern front requests that the international human rights organizations "visit these places that have been bombed and verify the situation of the residents." The "contras" stated that the arms used by the Sandinists are Soviet "Katyuska BM-21" rocket launchers containing multiple explosives that cause severe damage to the targets.

REPRESENTATIVE TO UN DISCUSSES DISARMAMENT

FL222046 Havana Radio Reloj Network in Spanish 1922 GMT 22 Oct 86

[Text] Today at the United Nations, Cuba questioned the reason behind spending billions of dollars on nuclear weapons that will become obsolete while new types of cosmic weapons are being developed.

UN representative Pedro Nunez Mosquera said during the general debate that it is easier to proceed with a nuclear freeze and subsequent destruction of nuclear weapons. The Cuban diplomat said the resources used to develop cosmic weapons can be used for economic and social development, particularly for underdeveloped countries.

In reference to repeated efforts to militarize space and to reaffirm doctrines based on nuclear weapons on the part of the United States, Nunez Mosquera stressed that the current option is not between peace and war, but rather between life and death.

The Cuban representative to the United Nations analyzed the stalemate reached at the disarmament negotiations on basic topics, such as nuclear disarmament, and he blamed a small group of countries, headed by the United States, for blocking measures to prevent a nuclear war. He added that the White House had responded to Soviet proposals with greater military spending for research and development of weapons, including cosmic weapons.

Nunez Mosquera stated that the U.S. insistence reserving the right to test nuclear weapons in space impeded the possibility of arriving at important agreements at the Reykjavik summit.

We agree with the UN delegations that have said the so-called defense shield, if it is effective, would only serve the country who has it, said Nunez Mosquera, and he added that nuclear disarmament does not allow alternatives.

FOOD INDUSTRY MINISTER INAUGURATES CEMA MEETING

PA221304 Havana International Service in Spanish 0001 GMT 22 Oct 86

[Report by Alberto Martinez]

[Text] The 47th CEMA meeting on cooperation in the food industry field began this Tuesday in Havana. During the next 4 days, representatives of 12 socialist countries will exchange views on how to apply the progress made in the fields of biotechnology and biotechnics in the food industry as well as the use of robot machinery and microprocessors. The participants at the meeting will also discuss the use of new technologies in the processing of oilseed and the production of food puree, oils, lards, and citrus fruit by-products.

During the opening session, Cuban Food Industry Minister Alejandro Roca stressed Cuba's participation in the work done by CEMA in the past 5 years:

[Begin Roca recording] Our enterprises, organizations, and research institutions are participating in the work being done through eight scientific-technological cooperation agreements signed by our country during that time period. These cooperation agreements are in the areas of preserves, sugarcane, canning, packing, sugar, and agreements signed in the food puree, beer, and milk industry areas. Likewise, we have signed the general agreement on biotechnology and 5 of the 10 agreements included in the program of the general agreement. This was done as a result of the importance our country gives to the overall plan for the scientific and technological development and advancement through the year 2000 and approved by CEMA's 41st extraordinary session. [end recording]

Regarding Cuba's involvement in CEMA's upcoming plans, Minister Roca said:

[Begin Roca recording] We must also stress that the work plan for 1986-87 includes our participation in 15 of the 17 tasks outlined by that plan. These tasks are mainly in the areas of citrus, sprays [aromatizadores], development of (?Vietnam's) sugarcane industry, expansion of the facilities for the production of protein-based wrappers, automation and automated systems, rational use of material and energy resources, and other areas which are not less important. [end recording]

The Cuban minister described the importance of the meeting being held in Havana:

[Begin Roca recording] The fact that this 47th meeting of the commission is being held in Havana is important not only because of the contents and essence of its agenda, but because it also takes on a political character that expresses the importance and vitality of socialism, the real relations that should exist among the peoples of the world, and, above all, the importance of a field like the food industry. [end recording]

This meeting will conclude on Friday. The participants will draft policies for the development of the food industry of the countries of the socialist community.

SOVIET VICE ADMIRAL GRANTS NEWS CONFERENCE

FL221514 Havana Radio Progreso Network in Spanish 1200 GMT 22 Oct 86

[Text] The Soviet people will do everything necessary to block imperialism's warmongering policies. This has been said in a Havana news conference by Vice Admiral Fedor Starozhilov, commander of the Soviet naval detachment visiting our country. The Soviet official also underscored the ties of friendship and cooperation existing between Cuba and the Soviet Union and reaffirmed after the recent Moscow meeting held between the two country's top leaders, Fidel Castro and Mikhail Gorbachev.

Meets With Raul Castro

FL220147 Havana Television Service in Spanish 0100 GMT 22 Oct 86

[Excerpt] Army General Raul Castro, second secretary of the Communist Party of Cuba Central Committee and FAR minister has met at Minfar [Ministry of the Revolutionary Armed Forces] headquarters with Soviet Vice Admiral Fedor Starozhilov, deputy commander of the Black Sea Fleet and chief of the Soviet Naval Fleet visiting our country. Also participating in the warm meeting were Navy Captain (Olexis Chenko), military, naval, and airforce attache at the Soviet Embassy in Cuba and other officials from the Soviet detachment. Also attending were Division General Abelardo Colome Ibarra, Politburo member and first substitute of the FAR Ministry, Division General Rogelio Acevedo, Central Committee member and chief of the FAR Rear Services Directorate, and other generals and admirals of the revolutionary armed forces. [passage omitted]

Raul Castro Visits Naval Fleet

FL230040 Havana Radio Rebelde Network in Spanish 0001 GMT 23 Oct 86

[Text] Army General Raul Castro, second secretary of the Communist Party of Cuba and FAR minister, today visited the Soviet Naval Fleet which has been in Cuba since last Monday [20 October]. Raul was met by Vice Admiral Fedor Starozhilov, deputy commander of the Black Sea Fleet and chief of the Soviet naval detachment. As a remembrance of his visit, the crew presented Raul with a sailor's uniform. The army general expressed his satisfaction with the present. He said the Revolutionary Armed Forces, which will hold its 30th anniversary in December, justifiably began at sea.

RISQUET MEETS WITH GUINEA-BISSAU'S SEMEDO

FL230138 Havana Radio Rebelde Network in Spanish 0001 GMT 23 Oct 86

[Text] Politburo member Jorge Risquet, Central Committee secretary, has met in Havana with Guinean Foreign Minister Julio Semedo, who is in Cuba on an official and friendly visit. Risquet and Semedo analyzed aspects of the international situation and exchanged opinions on the development of bilateral relations.

BARBADOS

TRADE DEFICIT REPORTED TO INCREASE IN REGION

FL212238 Bridgetown CANA in English 2156 GMT 21 Oct 86

[Text] Bridgetown, Barbados, Oct 21, CANA -- Barbados' visible trade deficit widened by 27 million dollars January-May this year, total exports declined by 23 million and imports rose by five million dollars over the corresponding five-month period in 1985, government figures showed. (1 bds dol=50 cents U.S.) The 1986 deficit amounted to 243 million dollars compared with 216 million for the corresponding period last year. A fall in re-exports accounted for the decline in total exports, with domestic exports remaining stable at 200 million dollars, the same as for 1985.

The figures, just released by the Barbados Statistical Service, put the value on total exports at 278 million dollars and imports at 521 million.

Transactions with the Caribbean Community (Caricom) contracted, as a domestic exports and imports fell by 4.6 million and 7.8 million dollars respectively. As a result, Caricom imports were valued at 66.3 million dollars and exports at 22.6 million.

Trinidad and Tobago, whose sales here increased to 49.5 million from 45.5 million dollars, was the principal source of Caricom imports. The twin-island republic was also the principal buyer of Barbadian products over the five-month period, taking in amounts worth 7.6 million dollars, 4.1 million dollars below 1985 levels.

Imports from Jamaica dipped 52.7 per cent to reach 11.4 million dollars, representing the major change in the trading with Caricom, the statistical service said. Barbadian sales there were down marginally, reaching 1.8 million dollars from 1.9 million the year before.

In overall trading, Puerto Rico and the United States were the biggest buyers of local goods, absorbing amounts valued at 77 million and 42 million dollars respectively. "Domestic exports to the USA fell by 22 million dollars or 34.7 per cent while domestic exports to Puerto Rico fell by 14 million dollars or 15.8 per cent, said the statistical service bulletin covering January to May 1986.

Machinery was the largest segment of Barbados' import bill, accounting for 201 million dollars, 38 million more than 1985 and the largest single increase on category basis.

The largest decline was recorded in the importation of mineral fuels. The bill was 62 million dollars, a decline of 39 million over 1985.

Machinery, essentially electronic components, accounted for the bulk of domestic exports -- 121 million dollars of the 200 million dollar total.

HAITI

PRESIDENT ANNOUNCES $228 MILLION BUDGET

FL221154 Bonaire Trans World Radio in English 1130 GMT 22 Oct 86

[Text] Interim Haitian President Henri Namphy has announced a $228 million budget and called for a general mobilization to overcome Haiti's poverty and underdevelopment. Mr Namphy, who heads the military civilian council that replaced President Jean-Claude Duvalier in February, spoke 1 day after the first elections held in Haiti since the young dictator fled the country. Very few Haitians took part in the balloting Sunday to choose members of an assembly to approve a draft constitution. Results are expected within a week.

ST KITTS

SIMMONDS, CARICOM OFFICIALS DECRY DRUG TRAFFIC

FL212253 Bridgetown CANA in English 2224 GMT 21 Oct 86

[Text] Bassaterre, St Kitts, Oct 21, CANA -- St Kitts-Nevis Prime Minister Kennedy Simmonds yesterday condemned drug trafficking and abuse in the region and urged Caribbean Community (Caricom) customs officers now meeting here to be more vigilant in the war against what he called an evil of monumental proportions. His comments came as he addressed the opening of the 12th Caricom customs officers conference here.

The Caribbean leader said he saw a role for the Regional Security System (RSS) in facilitating the sharing of information on drug-related activities and as a system for cooperation for anti-drug law enforcement agencies.

Simmonds invited people everywhere to volunteer information on persons involved in the drug trade, since if it is allowed to flourish, it could very well destroy the future of the Caribbean people. Over the next few days, the customs chiefs will discuss their role in checking narcotics trafficking and abuse in the area, and the implementation of new systems of valuation and of measuring alcohol levels in spirits.

ST VINCENT

UPM OFFICIALS APPOINTED DURING CONGRESS

FL211429 Bridgetown CANA in English 2313 GMT 21 Oct 86

[Text] Kingstown, St Vincent, Oct 20, CANA -- Social worker Oscar Allen has been re-elected political leader and general secretary of the opposition United People's Movement (UPM) here. Allen will head the party's 13-member central committee. Lawyer Adrian Saunders will fill the newly-created post of deputy political leader of the party at its 4th congress which ended here at the weekend.

HIJACKING PROMPTS CANCELLATION OF FLIGHTS

FL211316 Bonaire Trans World Radio in English 1130 GMT 21 Oct 86

[Text] The pilots of a Suriname Airways plane hijacked during the weekend has radioed the airline that they were being held captive by rebels. The hijacking, which is the second within recent months, has prompted airline officials to cancel all flights into the interior of Suriname. The captured pilots did say that they were all right. Rebel leader Ronnie Brunsjwick has been heading a series of attacks on army barracks, schools, and towns since July.

NATION TO HOST SELA INTEGRATION MEETING NEXT YEAR

FL221952 Paramaribo International Service in English 1730 GMT 22 Oct 86

[Text] A conference on integration in Latin America and the Caribbean within the framework of the Latin American Economic System, SELA, is to be held in Suriname next year.

This proposal was made by the government of Suriname and was met with support at the SELA meeting last week in the Peruvian capital Lima. The permanent secretary of SELA will support and help organize the conference.